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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation

MINISTRY OF FOOD & AGRICULTURE

(Department of Food)

RESOLUTION

New Delhi, the 8th July 1965

No. 21(29)/64-Tech.I.—The Tariff Commission submitted a report in November, 1963 on the prices of preserved fruits and vegetables on the basis of an enquiry undertaken by it under Section 12(d) of the Tariff Commission Act, 1961. Its recommendations are as follows :—

(1) Lowering of costs is an all important consideration for ensuring the stability and growth of the preserved fruit and vegetable industry and for developing export markets.

(2) Notwithstanding the existence of a ready market for canned products, better facilities for getting raw materials like sugar, chemicals and containers and skilled labour, the concentration of the industry in urban areas does not ensure full scope for economies.

(3) Elimination of waste by better storage in growing areas, greater use of dehydration, improved extraction methods such as recovery of sucrose from fruits and production of necessary chemicals like citric acid and pectin from the waste products of crushing as well as the use of diversified packing, have also contributed to the economies of production of overseas canners, apart from the economies scale. These facts have to be stressed in the context of the claim that is usually made that it is the high cost of O.T.S. cans alone, as compared to the overseas countries, which makes our indigenous industry stand in need of a subsidy.

(4) The small resources available from export incentives alone not being adequate, we recommend that the request of the large producers for import of the minimum machinery or equipment required, such as for slicing, peeling, blanching, etc., should be favourably considered.

(5) In view of the wide scope for economies in the production of dehydrated products, schemes for the manufacture of such products should be considered sympathetically.

(6) The demand for fruit and vegetable products in 1962 amounted to about 52,200 tonnes. Because of larger off take for defence services, the demand in 1963 will be substantially higher than that in the previous year. The demand at the end of the Third Plan is estimated at 75,000 tonnes as against the target of one lakh tons.

(7) The existing capacity of the industry will be more than sufficient to meet any foreseeable increase in demand including that for the defence services.

(8) Direct contracts between cannes and growers have to be established if economies through lower prices are to be secured so as to reduce the cost of canned products. Long term economies in the cost of fruit and vegetable products can only come from better yields in the field. In most commercial varieties, our yields seem to be less that in other fruit growing countries.

(9) In overseas countries, sales of sugar to the canning industry are not subsidised but some assistance is forthcoming from sugar producers directly as price concession. This is an example which sugar producer in India could afford to emulate.

(10) While the production of O.T.S. cans has shown a remarkable rise during the quinquennium the subsidy was in force, the utilisation of their capacity by producers of O.T.S. cans has remained very low.

(11) There is scope for economy if, following the general practice in the U.S.A., the use of electrolytic tinplate with 0·75 lb. coating per basis box is allowed for civilian as well as for defence uses.

(12) The possibility of locating indigenous manufacture of tinplate of required specifications for use in the manufacture of O.T.S. cans should be explored and Hindustan Steel Ltd. should endeavour to meet the demand of the can fabricating industry.

(13) At least some of the bigger canning units can help the fabricators to economise by phasing demand and placing bulk orders.

(14) The economy in freight on cans that can arise from proper decentralisation of location of can fabricating units, will be more substantial than any concession in price that could be offered by the fabricators.

(15) The claim made by some producers that the subsidy has benefited the consumers to get canned fruits at cheaper rates or it enabled the manufacturers to utilise the amount in modernising the factory and getting better equipment to improve the quality of their products is not proved by positive evidence. Weak units would not in any case survive competition.

(16) For the reasons cited in paragraph 9:4, the revival of the tinplate subsidy as a general scheme is not justified. The suggestions that we have made for securing reduction in costs of cans should, however, receive due consideration from canneries and can manufacturers, and the latter should receive necessary help from Government in securing raw material at the cheapest rate.

(17) Production of essential chemicals like citric acid and pectin on a commercial scale in the country has to be encouraged by Government and developed as these are at present being largely imported.

(18) Neither the quantum nor the prices of imported commodities have had any ill effect on the deprotected preserved fruit industry even with the discontinuance of subsidy.

(19) Since the canning industry in India, compared to overseas countries, lacks essentially economies of scale and other cost reducing devices and production costs are high, for the promotion of exports, export incentives have to be stepped up in view of the withdrawal of tin-plate subsidy.

(20) The costs of certain varieties of canned fruits and vegetable worked out are illustrative and cannot be assumed to hold good over a period of time where the main raw material costs might fluctuate. But the conversion charges indicated can hold good for a fairly long period. say three years.

(21) At their existing levels of production, the prices of cans charged by the two can fabricators are not unreasonable. However, there is scope for reduction in costs if the levels of output go up substantially and there is more decentralisation of can fabrication.

(22) The weight of informed opinion is against statutory fixation of prices of canned fruits and vegetables as it is not likely to be equitable or feasible. Further, the basic condition in which prices have to be fixed statutorily, namely, an acute shortage of an article in the context of very high demand, does not exist as far as the canning industry is concerned.

(23) As the prescription and enforcement of statutory prices is not feasible, the price indicators given in schedules in paragraph 13 should be considered as fair wholesale selling prices. They could be regarded by the industry as ceiling prices to be observed on voluntary basis. If control in any other form is contemplated at all, producers should be persuaded to publish their wholesale as well as retail price lists, so that at the retail end prices would be known to the consumer and he is not required to pay more than the list prices.

(24) A margin of 20 per cent over the fair ex-factory selling prices indicated in paragraph 13 will be enough for fixing fair retail prices. It will cover transport charges in distribution and retailers' expenses.

(25) Exporters should so devise their production programme as to endeavour to maintain export prices at a stable level.

(26) For fish and prawns whose canning we have not costed, we consider that conversion costs, can prices and other packing charges on the whole will not be very different. We, therefore, suggest that on the basis of recovery factor and prices of fish or prawns, a price indicator for sea-foods covered may be suitably made out.

(27) So long as the prices given in paragraph 13 are not taken as statutory prices, they should leave sufficient scope for negotiations between the supply authorities and the producers. These prices could be taken as a sort of guide for the consideration of tenders which are being issued for Government requirements.

(28) The price indicators given for selected products in the schedule in paragraph 13 may be taken as guide for ceiling prices within which limits domestic manufacturers' prices for identical products could be determined in the manner indicated. Manufacturer should publish their wholesale and retail price list and help to see that the distribution chain respects these prices.

2. Government accept recommendations, 1, 2, 3, 4, 5, 8, 10, 14, 16, 17; 18; 20; 22; 23, 24, 25, 26, 27 & 28 for suitable action to the extent possible.

3. Government have taken note of recommendations, 6, 7, 15, and 21 which are mere observations made by the Commission.

4. Due to scarcity of sugar it is not possible to accept recommendation No. 9 for the present. This will, however, be taken into account as and when the sugar situation eases.

5. As the O.T.S. cans are fabricated at present out of imported tinplate which is not available in large quantities, it would not be possible to allow the manufacturers to place a bulk order with the can fabricators in the first instance. The orders are to be spread over on the basis of their actual requirement taking into account the availability of the fruits and vegetable required for canning purposes. Government do not, therefore, accept recommendation No. 13 made by the Commission.

6. Government have taken note of recommendation No. 11, 12 and 19 which are still under examination.

ORDER

Ordered that a copy of the Resolution be communicated to all concerned and that it be published in the Gazette of India.

STATEMENT TO BE LAID ON THE TABLE OF LOK SABHA/RAJYA SABHA UNDER THE PROVISO TO SECTION 16(2) OF THE TARIFF COMMISSION ACT, 1951.

"A report on the prices of preserved fruits and vegetables was submitted by the Tariff Commission on November 13, 1963. In accordance with the terms of Sub-Section 2 of Section 16 of the Tariff Commission Act 1951 (50 of 1951) this report together with the report of action taken thereon should have been laid on the table of the Lok Sabha/Rajya Sabha on or before 12th February, 1964. This, however, could not be done as the examination of the report could not be completed within the specified period and Government orders on the report were issued only on the 17th June 1965."

R. BALASUBRAMANIAM, Jt. Secy.

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